



C.L. "Butch" Otter, Governor
Celia R. Gould, Director



IDAHO RURAL ECONOMIC DEVELOPMENT AND INTEGRATED FREIGHT TRANSPORTATION REVOLVING LOAN PROGRAM GUIDE

LOAN APPLICATION FY 2007-2008

IDAHO RURAL ECONOMIC DEVELOPMENT AND INTEGRATED FREIGHT TRANSPORTATION PROGRAM

The mission of the Idaho Rural Economic Development and Integrated Freight Transportation Program is to assist businesses and industries to develop and expand options for shipping freight and products to market. The state's interest is served by maintaining competitive transportation services for Idaho's freight shippers, reducing public roadway maintenance and repair costs, increasing economic development opportunities, increasing domestic and international trade, creating and preserving jobs, and enhancing safety. State funding for projects is contingent upon appropriate private sector partnerships with the participation and cooperation of state and local governments.

REVOLVING LOAN FUND/LOAN CRITERIA

A Revolving Loan Fund (RLF) was created in the state treasury for the specific purpose of assisting qualified short line rail or intermodal freight shippers to upgrade, expand, rehabilitate, purchase or modernize equipment and facilities for Idaho's freight shipping infrastructure. Any unexpended funds, together with interest earned, repayments and any penalties assessed and received for failure to repay loans on time, are credited to the fund to be allocated for the purposes of the program.

1. Revolving loan funds cannot be used for operating costs. Loans can fund up to ninety percent (90%) of eligible program costs. The loan recipient must provide a funding match of at least ten percent (10%) of eligible project costs. Expenditure of the funding match is required before revolving loan funds may be drawn down. Interest payments are an eligible program cost and can be applied toward the required match. If applicable, the state may work with applicants to provide loans at lower amounts than requested in applications. The total amount available for all loans is \$5 million.
2. Interest is based upon the loan repayment period. Current interest rates are:
 - Loans with a repayment period less than one (1) year will be non-interest bearing;
 - Loans with a repayment period of one (1) to three (3) years will have an interest rate of 2 percent (2%) APR annually;
 - Loans with a repayment period of three (3) to eight (8) years will have an interest rate of 3 percent (3%) APR annually;
 - Loans with a repayment period of eight (8) to fifteen (15) years will be 4 percent (4%) APR annually.
3. The loan repayment period may not exceed fifteen (15) years.
4. All loan applications must be reviewed by the Interagency Working Group as created by *Idaho Code* § 49-2902 and approved by the Director of the Idaho State Department of Agriculture (ISDA). To ensure effective use of revolving loan funds, loan contracts are

to be executed within sixty (60) days of receiving approval. Final requests for disbursement are to be submitted within ninety (90) days of the approved project's completion.

5. The applicant must be in good standing in all its obligations to the State of Idaho.
6. The applicant must demonstrate to the satisfaction of ISDA the ability to repay the loan and provide one or more forms of collateral. In addition, the applicant must specify the collateral that will be used to guarantee repayment of the loan. Documentation of collateral must be received by ISDA before the first draw can be processed.
 - (a) Collateral may include an acceptable irrevocable letter of credit from a financial institution that is sound and in good standing with its regulating authority. If there is any reason to believe the financial institution does not meet the criteria, ISDA has the right to refuse a letter of credit from that financial institution. The wording in the irrevocable letter of credit must unconditionally bind the institution to promptly repay the debt should the applicant fail to do so. The cost of the letter of credit may be considered an eligible project expense.
 - (b) Collateral may include a first lien on assets of sufficient value to guarantee repayment of the loan. If using this option, the applicant must identify what specific assets will be used as collateral, the value of the assets, and the basis for determining the value of the assets, e.g., an appraisal.
 - (c) Collateral may include a first lien on reusable project materials. If the applicant is not the owner of the property on which the project will be constructed, both the applicant and the owner must stipulate to the use and the value of the project materials as collateral. For the purpose of collateral, project materials are defined as: track, ties, signals, and any other reusable and easy to salvage materials used in the project. In lieu of depreciating the materials over the life of the loan, the materials will be valued at 80% of the purchase value. Purchase value is defined as the price paid for the materials at the time of purchase, as reflected in a bill of sale, or the value of the charge to inventory for the materials, less any handling or delivery charges. In all cases, ISDA has the final determination of the value of the materials.
 - (d) If the applicant is a local unit of government or a county-based intermodal commerce authority, the applicant may pledge funds to the extent that the funds are attachable. A resolution from the governmental body or intermodal authority requesting the loan must pledge future allocations or receipt of funds to the extent needed to provide collateral for the loan.
7. Receipt of loan funds is contingent upon an executed promissory note with ISDA. Any costs incurred prior to contract execution are the sole responsibility of the applicant.

8. Repayment of loans shall be on an Equal Principal Payment Plan under which an equal sum is paid to principal on a regular basis. The annual principal payment is determined by dividing the principal amount of the loan by the number of payment periods. Interest will begin accruing with the first disbursement and accrued interest must be paid to date with each periodic payment. Payments will be due 60 days after the final disbursement.
9. Loans may be prepaid in whole or in part at any time without penalty. All extra payments shall be applied to the principal balance. The regular installment is required to be paid first in any year in which a prepayment occurs.
10. An informal repayment extension may be granted by the Director of ISDA for a period of sixty (60) days from the due date of the installment payment. Extension beyond sixty (60) days shall require a written application for extension, a current balance sheet, and a signed extension agreement. Loan term extensions may be granted only in clearly justified circumstances and for the shortest term possible. Financial crisis situations shall be reviewed by the Interagency Working Group and the Director of ISDA. Loan payment, due date, and other loan stipulations may be restructured if appropriate.
11. A ten-day grace period shall be allowed before default interest of eighteen percent (18%) is charged. If the default continues past ten (10) days, the default rate shall begin accruing on the installment and shall be retroactive to the due date of the installment. The ISDA will contact any borrower whose account is past due more than 10 days to determine the cause of the delinquency and establish a plan for repayment. Collection of payment on loans will be diligently pursued.

PROJECT ELIGIBILITY CRITERIA

1. Eligible Projects will be evaluated using selection criteria developed by ISDA and the Interagency Working Group to determine the relative importance of the project in relationship to the program's goals and objectives. Primary factors to be considered are the level of local financial commitment to the eligible project and the project's cost/benefit ratio as determined by ISDA and the Interagency Working Group.
2. Eligible applicants are qualified lines and shippers. "Qualified lines" are defined as class III short lines, branch lines of class I railroads leased or operated by a class III railroad, branch lines of class II railroads, and lines owned by public entities including port districts and intermodal commerce authorities. The definition of class I, II and III railroads shall be as defined by the federal railroad administration. "Qualified shippers" include port districts, counties, municipalities, towns or agencies thereof, a current or potential user of freight service, or intermodal commerce authorities as defined by *Idaho Code* § 70-2203.
3. The project must assist qualified rail lines or intermodal freight shippers to upgrade, expand, rehabilitate, purchase or modernize equipment and facilities for freight shipping

infrastructure in the State of Idaho. Eligible projects for consideration must have the purpose of:

- Rehabilitating or improving rail lines to preserve essential local rail service;
- Purchasing or rehabilitating railroad equipment necessary to maintain essential rail service;
- Construction of loading or reloading facilities or other capital improvements including building or improving local transportation infrastructure, to increase business and commerce and to improve shipping service; or
- Coordinating intermodal traffic for integrated rural freight transportation.

APPLICATION PROCEDURE

1. Contracts for approved projects will be awarded by ISDA after the applicant satisfies all award contingencies.
2. Applications for the first round of funding, together with supporting documentation must be postmarked by July 16, 2007. All applications submitted during this call for projects must be for construction scheduled to begin in 2007. ISDA may provide revolving loan fund assistance at other times of the year for eligible projects.
3. Please submit one (1) original and two (2) copies of the application to:

Shelby Kerns
Idaho State Department of Agriculture
2270 Old Penitentiary Road
Boise, ID 83712
Phone: 208-332-8678
Fax: 208-334-2879
Email: skerns@agri.idaho.gov

REVOLVING LOAN APPLICATION

IDAHO STATE DEPARTMENT OF AGRICULTURE

RURAL ECONOMIC DEVELOPMENT & INTEGRATED FREIGHT TRANSPORTATION PROGRAM

PLEASE TYPE OR PRINT CLEARLY. EACH AND EVERY QUESTION MUST BE ANSWERED AND ALL REQUIRED ATTACHMENTS MUST BE INCLUDED WITH YOUR APPLICATION OR IT WILL NOT BE CONSIDERED FOR FUNDING

APPLICANT INFORMATION

- 1.** Legal Entity's Name: _____
- 2.** Contact Name: _____
- 3.** Address: _____

(Street)

(City) (County) (State) (Zip)
- 4.** Business Phone: (____) _____
- 5.** FAX (if applicable): (____) _____
- 6.** Contact Email: _____
- 7.** Federal Employer ID Number: _____
- 8.** Idaho Unemployment Insurance Account Number ("SUI"): _____
- 9.** Type of legal entity: (Check one)

<input type="checkbox"/> Sole Proprietor	<input type="checkbox"/> Partnership of ____ individuals
<input type="checkbox"/> Corporation	<input type="checkbox"/> Limited Liability Partnership of ____ individuals
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> County-based Intermodal Authority
<input type="checkbox"/> Other _____	
- 10.** Is the legal entity identified above in good standing and authorized to conduct business in the State of Idaho?

☐ YES

☐ NO

11. Is the legal entity identified above current on all state and federal tax obligations, including unemployment taxes?

☐ YES

☐ NO

PROJECT DESCRIPTION AND COST

12. Provide as Attachment “A” (not to exceed **5 pages** excluding photos and maps, 12 pt Times New Roman font):

- A detailed description of the proposed project including a project/site map, mile posts, and photos;
- Itemized detailed cost estimates by location of each work activity with separate cost estimates for labor and materials;
- Unit costs and assumptions used as a basis for the cost estimates;
- Level of local government commitment to the project; and
- The project’s estimated cost/benefit ratio on Idaho’s economy. This estimate may include, but is not limited to:
 - Information on estimated increased shipper capacity (increased number/size of rail cars, etc);
 - Information on amount of shipments that could be diverted from truck transport;
 - A list of current and potential shippers impacted by the project; and
 - Information on how the project will preserve service for areas/communities.

Presenting information in a table format is desirable, but any well-organized and easily readable format is acceptable, provided the necessary information is included.

PROJECT SCHEDULE

13. Provide as Attachment “B” a detailed project schedule with actual or target completion dates for each work activity.

PROJECT FUNDING

14. Provide as Attachment “C”:

- A detailed description of all funding sources;
- Funding commitment letters from all funding partners; and
- Amount and source of matching funds.

COLLATERAL

The applicant must demonstrate the ability to repay the loan and provide appropriate assurances using one, or a combination of, the following forms of collateral. Documentation of collateral

must be received by ISDA before the first disbursement can be processed. Please specify what collateral/assurance will be used to guarantee repayment of the loan.

15. The collateral/assurance for the loan will be: (Check all that apply.)

- ☐ Irrevocable letter of credit from the following financial institution:

- ☐ First lien on assets. Provide as Attachment “D” a list of assets, values, and the basis used to determine values. ISDA will require an appraisal on all real estate used as collateral.
- ☐ First lien on reusable project material. Provide as Attachment “E” a list of materials for use as collateral and their estimated purchase price.
- ☐ Attachable funds - *FOR COUNTY-BASED INTERMODAL AUTHORITIES ONLY*
Amount of attachable funds: _____.
Source of attachable funds: _____.
Provide as Attachment “F” a resolution from the intermodal authority obligating the funds.

SUPPORTING FINANCIAL DOCUMENTATION

16. Provide as Attachment “G”:

- Audited income statements, cash flow statements and balance sheets for the previous 2 years. If audited financial statements are not available, statements that have been reviewed by an independent Certified Public Accountant are acceptable;
- Proformas for the each of the next 2 years assuming that the proposed project is funded;
- Balance sheet and income statement dated within 90 days of this application together with an aging of the accounts receivable and accounts payable; and
- Tax returns, including all schedules, for the past two (2) years.

All financial documentation will be used solely by the ISDA for the purposes of the Idaho Rural Economic Development and Integrated Freight Transportation Program Revolving Loan Fund. The information will not be shared without the express written consent of the applicant.

CERTIFICATION

The undersigned certifies that the information in and attached to this Application is true and complete and that the undersigned is authorized to act for and on behalf of the Applicant listed above and submits this Application as the act and deed of that legal entity.

I/We understand and agree that there are supporting schedules and other documents which form part of this loan application, incorporated herein by reference, which must be completed before a decision can be made on this application: that all lending decisions will be based on lender's independent analysis of said information, as provided; and further, that any loan approved hereunder will not be deemed approved for any purpose until I/we are in receipt of a separate written notification of said approval.

I/We certify that all statements and information provided in support of this application are true, correct, and complete to the best of my/our knowledge and that the loan proceeds will be used for the purposes and under the conditions designated.

I/We understand that a false statement or report of facts affecting the approval of a loan, knowingly made, may subject the maker to criminal liability under federal and state criminal statutes as well as civil liability.

I/We are willing to allow continued monitoring and evaluation of the impacts resulting from the implementation of the proposed project.

I/We understand that formal approval of loans occurs solely by the Director of the Idaho Department of Agriculture. It is further understood that local officials, employees, or technical staff of the Idaho State Department of Agriculture or other state agencies do not have the authority to approve loans or to imply that the Idaho State Department of Agriculture will approve loans.

I/We authorize the Idaho State Department of Agriculture to verify credit history or credit worthiness relating to my income or financial position with any credit source, including but not limited to obtaining any consumer or other credit bureau reports. I/We further authorize the Idaho State Department of Agriculture to provide credit information concerning loans to other lenders or potential lenders including after payment of all indebtedness.

Signature of Authorized Representative

Date

Name (Please Print)

Title